

COMMERCIAL DEMOCRAT.

VOL. 4.

COLUMBUS, MISSISSIPPI, SATURDAY, OCTOBER 21, 1837.

NO. 15.

THE DEMOCRAT

IS PRINTED AND PUBLISHED EVERY SATURDAY BY
WORTHINGTON & LESTER,
Publishers of the United States Laws.

LETTERS TO THE EDITOR—\$5 per annum in advance,
or \$6 at the end of the year.

No subscription will be received for less than ten
months, and no paper will be discontinued,
except at the discretion of the Editors until all
arrearages have been paid.

Advertisements will be inserted at \$1 per square
(5 lines or less) for the first insertion, and 50 cents
for each subsequent insertion.

Advertisements not marked with the number of in-
sertions, will be published until forbid and charged
accordingly.

Publications of a personal nature will be charged
double price.

Letters to the Editors on business connected
with the office, must be post paid, or they will not
be attended to.

REMARKS OF MR. CALHOUN.

On the bill authorizing the issue of Treasury Notes,
in Senate of the United States, Sept. 19, 1837.

MR. PRESIDENT—An extraordinary course of
events with which all are too familiar to need re-
peat, has separated in fact the Government and the
Banks. What relation shall they bear hereafter?

Shall the Banks again be allowed as the fiscal agents
of the Government?—and, above all, shall their
notes be considered as money, in the receipts and
expenditures of the Government? This is the great
leading question; one of the first magnitude and
of the most delicate nature.

I have given it my most anxious and
deliberate attention; and have come to the conclusion
that we have reached the period when the
interest both of the Government and the Banks
demand a reunion.

I now propose to offer my reasons for the
reunion. I shall do it with that perfect
freedom which is due to the subject, in the country,
and the nation occupy. All I ask, is that I may
be heard with candor and fairness corresponding to
the sincerity with which I shall deliver my sentiments.

Those who support reunion of the Banks and
the Government have to overcome a preliminary
difficulty. They are now separated, by operation
of law, and cannot be reunited while the present
state of things continues, without repealing the law
which has separated them. I ask, who, during
this period? Is there any one, who, during
the suspension of specie payments, would advocate
their employment as the fiscal agents of the Govern-
ment, who would make them the depositories of the
public revenue, or who would receive and pay away
their notes in the public dues? If there be none,
then it results that the separation must continue for
the present, and the reunion must be the work of
time, depending on the contingency of the resump-
tion of specie payments.

But suppose this difficulty to be removed, and
that the Banks were regularly redeeming their notes,
from what party in this body can the proposition
come, or by which can it be supported, for a reunion
between them and the Government? Who, after
what has happened can advocate a reunion of the
Government with the league of State Banks?—
Can the Opposition, who for years have been de-
nouncing it as the most dangerous instrument of
power and efficient means of corruption and con-
trolling the Government and country? Can they,
after the exact fulfillment of all their predictions of
disastrous consequences from the connection, now
turn round and support that which they have so
long and so fully condemned? We have heard
much from the opposite side of unfired experiments
on the currency. Nothing can be more delicate
than the currency. Nothing can require to be more
delicately handled. It ought never to be tampered
with, or touched, until it becomes absolutely ne-
cessary. But if reunion experiments are to be
made, what condemnation would a repetition of
an experiment that has failed deserve? An experi-
ment that has so signally failed, both in the opinion
of supporters and opponents, as to call down the
heaviest denunciations of those who tried it. If to
make the experiment was folly, the repetition would
surely be madness.

But if the Opposition cannot support the meas-
ure, how can it be expected to receive support
from the friends of the Administration, in whose
hands the experiment has so signally failed, as to
call down from them execrations deep and loud?

If Mr. President, there be any one point fully
established by experience and reason, I hold it to be
the utter incompetency of the State Banks to fur-
nish, of themselves, a sound and stable currency.—
They may succeed in prosperous times, but the
first adverse current necessarily throws them into
utter confusion. Nor has any device yet been
found to give them the requisite strength and stabi-
lity, but a great central and controlling Bank, in-
stituted under the control of the Government. I go
farther. If we must continue our connection with
the Banks, if we must receive and pay away their
notes, we must have the right to regulate and
give uniformity and stability to their value, but
we are bound to do so, and to use the most effective
means for that purpose. The Constitution makes it
our duty to lay and collect the taxes and duties
uniformly throughout the Union, to fulfill which we
are bound to give the highest possible equality of
value throughout the whole country, to whatever
medium it may be collected in, and if that be bank
notes, to adopt the most effective means of accom-
plishing it, which experience has shown to be a
Bank of the United States. This has long been
my opinion. I entertained it in eighteen hundred
and sixteen, and repeated it in my place here on the
20th of January, 1837, and I repeat it now, with
the same force. The only alternative then is, disguise it
under a new name, or a new form, and a Bank of
the United States. This is certainly the real issue
to which all must come, and ought now to be openly
and fairly met.

But there are difficulties in the way of a National
Bank, no less formidable than a reunion with the
State Banks. It is utterly impracticable, at
present, to establish one. There is reason to believe,
that a majority of the people of the United States
are deliberately and unalterably opposed to it. At
all events, there is a numerous, powerful and
respectable party—I refer to the old States Rights
party—who are, and ever have been, from the begin-
ning of the Government opposed to the Bank; and
whose opinions, so long and firmly entertained,
ought at least to be so much respected, as to forbid
the creation of one, without an amendment of the
Constitution. To this must be added the insuper-
able difficulty, that the Executive branch of the
Government is openly opposed to it, and pledged
to interpose his veto, on constitutional grounds,
should a bill pass to incorporate one. For four
years, at least, then, it would be impracticable to
charter a Bank. What must be done in the mean
time? Shall the Treasury be reorganized to per-
form the functions which have been recently dis-
charged by the Banks, or shall the State institutions
be again employed until a Bank can be created?—
In the one case we shall have the so much vilified
and denounced Sub-Treasury, as it is called; and
in the other difficulties insurmountable would grow
up against the establishment of a Bank. Let the
State institutions be once reinstated, and reunited
to the Government as their fiscal agents, and they
will be found the first and most strenuous opponents
of a National Bank, by which they would be over-
shadowed and curtailed in their profits. I hold it
certain that in prosperous times, when the State
Banks are in full operation, it is impossible to es-
tablish a National Bank. Its creation then, should
reunion with the State Banks take place, and be
postponed until some disaster similar to the present
shall again befall the country. But it requires little
of the spirit of prophecy to see that such another

disaster would be the death of the whole system.—
Already it has had two paralytic strokes—the third
would prove fatal.

But suppose these difficulties were overcome, I
would still be opposed to the incorporation of a Bank.
So far from affording the relief which many antici-
pate, it would be the most disastrous measure that
could be adopted. As great as is the calamity un-
der which the country is suffering, it is nothing to
contemplate the creation of such an institution
under existing circumstances. In order to
compel the State institutions to pay specie, the
Bank must have capital as great, or nearly as
great, in proportion to the existing institutions, as
the late Bank had, when established, to those of
that day. This would give it an immense capital,
not much less than one hundred millions of dollars,
of which a large proportion, say twenty millions,
must be specie. From what source is it to be de-
rived? From the State Banks? It would empty
their vaults, and leave them in the most helpless
condition. From abroad, and England in particu-
lar? It would reproduce that revulsive current,
which has lately covered the country with desola-
tion. The tide is still running to Europe, and if
forced back by an artificial cause, before the foreign
debt is paid, cannot but be followed by the most
disastrous consequences.

But suppose this difficulty overcome, and the
Bank re-established, I ask what would be the effect
under such circumstances? Where would it find
room for business commensurate with its extended
capital, without crushing the State institutions, con-
fiscated by the withdrawal of their means in order
to create the instrument of their oppression? A
few of the more vigorous might survive, but the far
greater portion, with their debtors, creditors and
stockholders would be involved in common ruin.—
The Bank would, indeed, give a specie currency,
not by destroying the existing institution to resume,
but by destroying them and taking their place.

Those who take a different view, and so fondly
anticipate relief from a National Bank, are deceived
by a supposed analogy between the present situa-
tion of the country and that of 1816, when the
late bank was chartered, after the war with Great
Britain. I was an actor in that scene, and may be
permitted to speak in relation to it with some little
authority. Between the two periods there is little
or no analogy. They stand almost in contrast. In
1816, the Government was a debtor to the banks—
now it is a creditor; a difference of the greatest im-
portance, as far as the present question is concerned.

The banks had over-issued, it is true, but the
over-issues were to the Government—a solvent and
able debtor, whose credit, held by the banks in the
shape of stock, was at par. It was their excessive
issues to the Government on its stock, which mainly
caused the suspension. In proof of which, it is
remarkable that the depreciation of bank paper
under gold and silver was about equal to the pro-
portion which the Government stock held by the
banks bore to their issues. It was this excess
that hung on the market and depressed the value of
their notes. The solution is easy.

The Bank took the Government stock payable in
two years, and issued their notes for the same,
payable on demand, in violation of the plainest
principles of banking. It followed of course, that
when their notes were presented for payment, they
had nothing but Government stock to meet them.—
But it took away at par, and all the Banks had to
do was to retire their notes with the stock they held
and take up their notes, and thus the excess, which
hung upon the market and depressed their value,
would have been withdrawn from circulation, and
the residue would have risen to par, or nearly par
with gold and silver, when specie payments might
be easily resumed.

This they were unwilling to do. They were profit-
ing every way—by drawing interest on the stock,
by discounting on it as capital, and by its continued
rise in the market. It became necessary to compel
them to surrender those advantages. Two methods
presented themselves—one a bankrupt law, and the
other a National Bank. I was opposed to the former
then, as I am now. I regarded it as a harsh and
unconstitutional measure, opposed to the rights
of the States. If they have not surrendered the
right to incorporate Banks, as is conceded, its exer-
cise cannot be controlled by the action of this Gov-
ernment, which has no power but what is expressly
granted, and no authority to control the States in
the exercise of their reserved powers. It remained
to resort to a National Bank, as the means of com-
pulsion. It proved effectual. Specie payments were
resumed; but even with these striking advantages,
it was followed by great pressure in 1818, '19 and
'20, as all who are old enough to remember that
period must recollect. Such, in fact, must ever be
the consequence of resumption when forced under
the most favorable circumstances; and such, ac-
cordingly, it proved even in England, with all her
resources, and with all the caution she used in re-
storing a specie circulation, after this long suspen-
sion of 1773. What, then, would be its effects in
the present condition of the country, when the Gov-
ernment is a creditor, instead of a debtor; when there
are so many newly created Banks without estab-
lished credit, when the over-issues are so great;
in a condition to be coerced? As great as is the tide
of disaster which is passing over the land, it would
be as nothing to what would follow were a National
Bank to be established as the means of coercing
specie payments.

I am bound to speak without reserve on this im-
portant point. My opinion then, is that it should
be determined to compel the restoration of specie
payments by the agency of Banks, there is but one
way—but to that I have insuperable objections. I
mean the adoption of the Pennsylvania Bank of the
United States, as the fiscal agent of the Govern-
ment. It is already in operation, and sustained by
great resources and powerful connections, both at
home and abroad. Through its agency specie pay-
ments might undoubtedly be restored, and that with
far less disaster than through a newly created Bank,
but not without severe pressure. I cannot, how-
ever, vote for such a measure. I cannot agree to
give a preference and such advantages to a Bank,
of one of the members of this confederacy over those
of others—a Bank dependent upon the will of a
State and subject to its influence and control. I
cannot consent to confer such favors on the stock-
holders, many of whom, if rumor is to be trusted,
are foreign capitalists, and without claim on the
bounty of the Government. But, if all these and
many other objections were overcome, there is still
one which I cannot surmount.

There has been, as we all know, a conflict
between one of the departments of the Government
and that institution, in which, in my opinion, the
department was the assailant, but I cannot consent,
after what has occurred, to give to the bank a tri-
umph over the Government, for such its adoption
as the fiscal agent of the Government would neces-
sarily be considered. It would degrade the Gov-
ernment in the eyes of our citizens and of the world,
and go far to make that bank the Government itself.

But if all these difficulties were overcome, there
are others, to me, wholly insurmountable. I belong
to the States Rights party, which, at all times, from
the beginning of the Government to this day, has
been opposed to such an institution, as unconstitutional,
impracticable, inexpedient and dangerous. They have
ever dreaded the union of the political and national
power, and the central action of the Government to
which it so strongly tends; and, at all times, have
strenuously resisted their junction. Time and ex-
perience have confirmed the truth of their principles;
and, above all other periods, is the one at which
it would be most dangerous to depart from them.—
Acting on them, I have never given my counten-
ance or support to a National Bank, but under
compulsion which I felt to be imperative, and never
without an open declaration of my opinion as un-
favorable to a Bank.

In supporting the Bank of 1816, I openly declared
that, as a question de novo, I would be decidedly
against the Bank, and would be the last to give it my
support. I also stated that, in supporting the Bank
then, I yielded to the necessity of the case, growing
out of the then existing and long established con-
nection between the Government and the banking
system. I took the ground, even at that early pe-
riod, that so long as the connection existed—so long
as the Government received and paid away bank
notes as money, they were bound to regulate their
value, and had no alternative but the establishment
of a National Bank.

I found the connection in existence and estab-
lished before my time and over which I could have
no control. I yielded to the necessity in order to
correct the disordered state of the currency, which had
fallen exclusively under the control of the State.
I yielded to what I could not reverse, just as any
member of the Senate now would, who might be-
lieve that Louisiana was unconstitutionally admitted
into the Union, but who would nevertheless, feel
compelled to vote to extend the laws to that State,
as one of its members, on the ground that its admis-
sion was an act, whether constitutional or unconstitutional,
which he could not reverse.

In 1834, I acted in conformity to the same prin-
ciple, in proposing the renewal of the Bank charter
for a short period. My object, as expressly avowed,
was to use the Bank to break the connection between
the Government and the banking system gradually,
in order to leave the catastrophe which has now be-
fallen us, and which I then clearly perceived, but
the connection which I believe to be irretrievable in
1816, has now been broken by operation of law. It
is now an open question. I feel myself free, for the
first time, to choose my course on this important
subject, and, in opposing a Bank, I act in conform-
ity to principles which I have entertained ever since
I have fully investigated the subject.

But my opposition to a reunion with the Bank is
not confined to objections limited to a National or
State Bank. It goes beyond, and comprehends
others of a more general nature, relating to the cur-
rency, which to me are decisive. I am of the im-
pression that the connection has a most pernicious
influence over the currency; that it tends to dis-
turb that stability and uniformity of value, which is
essential to a sound currency, and is among the
leading causes of that tendency to expansion and
contraction, which experience has shown is incident
to bank notes as a currency. They are, in my
opinion, at best, without the requisite qualities to
constitute a currency, even when connected with
the Government; and are doubly disqualified by
reason of that connection, which subjects them to
sudden expansions and contractions, and expose
them to fatal catastrophes, such as the present.

I will explain my views. A bank note circulates
not merely on account of the credit of the institution
by which it is issued, but because Government re-
ceives it like gold and silver in all its dues, and thus
virtually endorses on the note of every specie pay-
ment, "receivable by the Government on demand."
To understand how greatly this adds to the credit
of bank notes, we must remember that Govern-
ment is the great money dealer of the country,
and the holder of immense public domains, and
that it has the power of creating a demand against
every citizen as high as it pleases, in the shape of
a tax, or duty, which can be discharged, as the law
now is, only by bank notes and gold and silver. This,
of course, cannot but add greatly to the credit of
bank notes, and contribute much to their circulation,
though it may be difficult to determine with any
precision to what extent. It certainly is very great.

For why say that an individual of the first credit,
of equal credit endorses his note for nothing, should
put his name with his friend's being their joint credit,
into a bank, and take out the notes of the bank,
which, in fact, but the credit of the bank itself,
and pay six per cent discount between the credit of
himself and his friend, and the credit of the bank?—
The known and established credit of the bank may be
one reason, but there is another and powerful one:—
the Government treats the credit of the bank as
gold and silver in all its transactions, and does not
treat the credit of the individuals in the same man-
ner. Trust me, the truth, let us reverse the case, and
suppose the Government to treat the joint credit of
individuals, as money, and not the credit of the
bank; and is it not obvious that, instead of borrow-
ing from the bank, and paying six per cent discount,
the bank would be glad to borrow from them on the
same terms. From this we may perceive the power-
ful influence, which bank circulation derives from
the connection with the credit of the Government.

It follows, as a necessary consequence, that to
the extent of this influence, the Banks expand
and contract with the expansion and contraction
of the fiscal action of the Government; with the
increase of its duties, taxes and expenditure, with
the deposits in its vaults, acting as additional
capital, and the amount of bank notes withdrawn,
in consequence, from circulation; all of which
must directly affect the amount of their business
and issues, and bank currency, and must, of
course partake of all those vibrations to which
the fiscal action of the Government is necessary-
exposed, and when great and sudden must ex-
pose the system to catastrophes such as we now
witness. In fact a more suitable instance cannot
be selected to illustrate the truth of what I as-
sert than the present, as I shall proceed to show.

To understand the causes which have led to
the present state of things, we must go back to
the year 1824, when the tariff system triumphed
in Congress—a system which imposed duties not
for the purpose of revenue, but to encourage the
industry of one portion of the Union at the ex-
pense of the other. This was followed up by
the act of 1828, which consummated the system.
It raised the duties so extravagantly, that out of
an annual importation of sixty-four millions, thirty-
two passed into the Treasury, that is, Govern-
ment took one half for the liberty of introduc-
ing the other. Countless millions were thus
poured into the Treasury beyond the wants of
the Government, which became in time the source
of the most extravagant expenditures. This vast
increase of receipts and expenditures was follow-
ed by a corresponding expansion of the business
of the Banks. They had to discount and issue
freely to enable the merchants to pay their duty
bonds, as well as to meet the vastly increased ex-
penditures of the Government. Another effect
followed the act of 1828, which gave a still far-
ther expansion to the action of the Banks, and
which is worthy of notice. It turned the ex-
change with England in favor of this country.

That portion of the proceeds of our exports, which
in consequence of the high duties, could no longer
return with profit, in the usual articles which we
had been in the habit of receiving principally from
that country in exchange for our exports, returning
in gold and silver, in order to purchase similar articles
at the North. This was the first cause which gave
that western direction to the precious metals, the
revulsive return of which has been followed by so
many disasters. With the exchange in favor, and
consequently no demand for gold and silver abroad,
and the vast demand for money attendant on an in-
crease of the revenue, almost every restraint was re-
moved on the discount and issues of the Banks, es-
pecially in the northern section of the Union, where
these causes principally operated. With their in-
crease, wages and prices of every description rose in
proportion, followed of course by an increasing de-
mand on the Banks for further issues. This is the
true cause of that expansion of the currency, which

began about the commencement of the late Admin-
istration; but which was erroneously charged by it
to the Bank of the United States. It rose out of the
action of the Government.

The Bank, in increasing its business, acted in ob-
edience to the condition of things at the time, and
in conformity with the Banks generally in the same
direction. It was at this juncture that the late Ad-
ministration came into power—a juncture remark-
able in many respects, but especially in relation
to the question of the currency. Most of the causes
which have since terminated in the complete pros-
tration of the Banks and the commercial prosperity
of the country were in full activity.

Another cause, about that time, (I do not remem-
ber the precise date,) began to produce powerful ef-
fects. I refer to the late renewal of the charter of
the Bank of England. It was renewed for ten years,
and among other provisions, contained one making
it the duty of that bank to lend to the Bank of the
United States, and to its branches, at its option. The effect
was to disengage itself further with the precious me-
tals in that great commercial country, which of course
caused them to flow out in every direction through
the various channels of its commerce. A large por-
tion took their direction hitherward, and served still
further to increase the current, which, from causes
already enumerated, was flowing in this direction;
and which still further increased the force of the re-
vulsive current, on the turn of the tide.

The Administration did not comprehend the diffi-
culties and dangers which surrounded it. Instead of
perceiving the true reason of the expansion of the
currency, and adopting the measures necessary to
restrain it, they attempted to do the Bank of the
United States, and made it the cause or pretext of war
with that institution. Among the first acts of hos-
tility, the deposits were removed, and transferred
to selected State Banks; the effect of which, in-
stead of restraining the tendency to expansion, was to
throw off the only restraint that held the banking in-
stitutions of the country in check; and of course gave
to the swelling tide, which was destined to desolate
the country, a powerful impulse. Banks sprung up
in every direction; discounts and issues increased
almost without limitation, and an immense surplus
revenue accumulated in the Deposite Banks, which,
after the payment of the public debt, the most ex-
traneous appropriations could not exhaust, and
which acted as additional banking capital. The value
of money daily depreciated, prices rose—and then
commenced those unbounded speculations, particu-
larly in public lands, which was transferred, by
millions of acres, from the public to the speculators
for worthless bank notes, till at length the swelling
flood was checked, and the revulsive current burst
its barriers, and overpowered and desolated the land.

The first check came from the Bank of England,
which alarmed at the loss of its precious metals, re-
fused to discount American bills. In order to pre-
vent a further decrease of its cash means, and cause
a return of those which it had lost. Then followed
the execution of the deposit act, which, instead of a
remedial measure, as it might have been made, if
properly executed, was made the instrument of
weakening the Bank at the point of pressure, espe-
cially in the great Metropolis of the Union, where so
large a portion of the surplus revenue was accumu-
lated. And, finally, the Treasury order, which still
further weakened those Banks, by withdrawing their
cash means to be invested in public lands in the
West.

It is often easy to prevent what cannot be re-
medied, which the present instance strongly illustrates.
If the Administration had formed a true concep-
tion of the danger in time, what has since happened
might have been easily averted. The near approach
of the expiration of the charter of the United States
Bank, would have afforded ample means for staying
the desolation, if it had been timely and properly
used. I saw it then, and proposed to renew the
charter, for a limited period, with such modifications
as would have gradually effected the increasing
expansion of the currency, and the connection be-
tween the Bank and the Government. To me the
expansion then used, "to unbank the Banks," to
let down the system, and so to effect the separa-
tion between the Bank and the Government as to
avoid the possibility of that shock which I then
saw was inevitable without some such remedy. The
moment was eminently propitious.

The precious metals were flowing in upon us
from every quarter, and the vigorous measures I
proposed to adopt in the renewal of the charter,
would have effectually arrested the increase of Banks
and checked the excess of their discounts and issues,
so that the accumulating mass of gold and silver
instead of being converted into Bank capital, and
swelling the tide of paper circulation, would have
been substituted in the place of bank notes, as a
permanent and wholesome edition to the currency
of the country.

But neither the Administration nor the opposition
sustained me, and the precious opportunity passed
unnoticed. I then clearly saw the coming calamity
inevitable, and it has neither arrived sooner, nor
is it greater than what I anticipated.

Such are the leading causes which have produced
the present disordered state of the currency.—There
are others of a minor character, connected with the
general condition of the commercial world, and the
operations of the Executive branch of the Govern-
ment, but which, of themselves, would have pro-
duced but little effect. To repeat the causes in a few
words, the vast increase of the tariff of 1824 and
'28 gave to the fiscal action of the Government
combined with the causes I have enumerated, gave
the first impulse to the expansion of the currency.
These, in turn, gave the extraordinary impulse to
overtrading and speculation (they are effects and
not causes) which has finally terminated in the
present calamity. It may thus be ultimately traced
to the connection between the Banks and the Gov-
ernment; and it is not a little remarkable that the
suspension of specie payments in 1816, in this country,
and that of 1797, in Great Britain were produced
by like causes.

There is another reason against the union of the
Government and the Banks, intimately connected
with that under consideration, which I shall next
proceed to state. It gives a preference to one por-
tion of the citizens over another; that it is neither
equal, nor consistent with the spirit of our in-
stitutions.

That the connection between the Banks and the
Government, the receiving and paying away their
notes as cash, and the use of the public money from
the time of the collection to the disbursement, is the
source of immense profits to the banks cannot be
questioned. It is impossible, as I have said to as-
certain with any precision to what extent their dis-
counts and circulation depend upon it, but it certainly
constitutes a large proportion. A single illustration
may throw light on this point. Suppose the Gov-
ernment were to take up a contract with him that
should be received in payment of his dues or for
the sales of its public lands in future, except gold
and silver and his promissory notes, and that he
should have the use of the public funds from the
time of their collection until their disbursement.—
Can any one estimate the wealth which such a con-
tract would confer? His notes would circulate far
and wide over the whole extent of the Union; and
be the medium, through which the exchange of the
country would be performed; and his ample ex-
tended credit would give him a control over all the bank-
ing institutions and money transactions of the com-
munity.

The possession of a hundred millions would not
give control more effectual. I ask, would it be fair,
would it be equal, would it be consistent with the
spirit of our institutions, to confer such advantages
on an individual? And if not on one, would it be
conferred on any number? And if not, why should
it be conferred on any corporate body of individuals?
How can they possibly be entitled to benefits so

vast, which all must acknowledge could not be justly
conferred on any number of unimpaired individ-
uals.

I state not these views with any intention of bring-
ing down upon banking institutions. I have no
unkind feeling towards them whatever. I do not
hold them responsible for the present state of things.
It has grown up gradually, without either the Banks
or the community perceiving the consequences
which have followed the connection between them.
My object is to state them as they exist, that the
truth may be seen in time by all. This is an age
of investigation. The public mind is broadly awake
upon this important subject. It affects the interest
and condition of the whole community, and will
be investigated to the bottom.—Nothing will be left
unexplored, and it is for the interest of both the
banks and the community, that the evils incident to
the connection should be fully understood in time,
and the connection gradually terminated, before
such convulsions shall follow as to sweep away the
whole system, with its advantages as well as dis-
advantages.

But it is not only between citizens and citizens that
the connection is unfair and unequal. It is as much
so between one portion of the country and another.
The connection of the Government with the banks,
whether it be with a combination of State Banks, or
with a National institution, will necessarily central-
ize the action of the system at the points, point of
collection and disbursement, and at which the mother
bank, or the head of the league of State banks,
must be located. From that point the whole system,
through the connection with the Government, will
be enabled to control the exchanges both at home
and abroad, and also with it, the commerce foreign
and domestic, including all our exports and imports.

After what has been said, these points will require
but little illustration. A single one will be sufficient,
and I will take it, as in the former instance, that of
an individual.

Suppose, then, the Government, at the commence-
ment of its operation, had selected an individual
merchant, at any one point of the Union, say at
New York, and had connected itself with him as it
has with the banks, by giving him the use of the
public funds from the time of their collection until
their disbursement, and of receiving and paying a-
way, in all its transactions, nothing but his promissory
notes, except gold and silver. Is it not manifest
that a decisive control would be given to the point
where he resided, over all the others that his promissory
notes would circulate rapidly through all the
 ramifications of commerce, that they would regulate
exchanges that they would be the medium of pay-
ing duty bonds, and that they would attract the im-
ports and exports of the country to the port where
such extraordinary facilities were afforded? If such
would clearly be the effects in the case supposed, it
is equally clear that the concentration of the cur-
rency at the same point, through the connection of the
Government with the banks, would have equal, if not
greater effects; and that, whether one general bank
should be used as an agent, or a league of banks,
which should have their centre there.

To the other parts of the country, the trading ad-
vantages which a branch of a debatable bank would
give, in the safe keeping of the public revenue,
would be nothing compared with the lower caused
to their commerce by centralizing the money ac-
tion of the country at a remote point. Other gentle-
men can speak for their own section. I can speak
with confidence, of that which I have the honor in
part to represent. The entire staple States, I feel
a deep conviction, banks and all, would, in the end,
be great gainers by the disconnection, whatever
might be the temporary inconvenience. If there be
any other reason, in which the effects will be differ-
ent, it would be but to confirm the views which I
have presented.

As connected with this, there is a point well
deserving consideration. The union between
Banks and Government is not only a main source
of the expansion of the currency, but it is also the
main source of the contraction of the currency. To me
the contraction then used, "to unbank the Banks," to
let down the system, and so to effect the separa-
tion between the Bank and the Government as to
avoid the possibility of that shock which I then
saw was inevitable without some such remedy. The
moment was eminently propitious.

The precious metals were flowing in upon us
from every quarter, and the vigorous measures I
proposed to adopt in the renewal of the charter,
would have effectually arrested the increase of Banks
and checked the excess of their discounts and issues,
so that the accumulating mass of gold and silver
instead of being converted into Bank capital, and
swelling the tide of paper circulation, would have
been substituted in the place of bank notes, as a
permanent and wholesome edition to the currency
of the country.

But neither the Administration nor the opposition
sustained me, and the precious opportunity passed
unnoticed. I then clearly saw the coming calamity
inevitable, and it has neither arrived sooner, nor
is it greater than what I anticipated.

Such are the leading causes which have produced
the present disordered state of the currency.—There
are others of a minor character, connected with the
general condition of the commercial world, and the
operations of the Executive branch of the Govern-
ment, but which, of themselves, would have pro-
duced but little effect. To repeat the causes in a few
words, the vast increase of the tariff of 1824 and
'28 gave to the fiscal action of the Government
combined with the causes I have enumerated, gave
the first impulse to the expansion of the currency.
These, in turn, gave the extraordinary impulse to
overtrading and speculation (they are effects and
not causes) which has finally terminated in the
present calamity. It may thus be ultimately traced
to the connection between the Banks and the Gov-
ernment; and it is not a little remarkable that the
suspension of specie payments in 1816, in this country,
and that of 1797, in Great Britain were produced
by like causes.

There is another reason against the union of the
Government and the Banks, intimately connected
with that under consideration, which I shall next
proceed to state. It gives a preference to one por-
tion of the citizens over another; that it is neither
equal, nor consistent with the spirit of our in-
stitutions.

That the connection between the Banks and the
Government, the receiving and paying away their
notes as cash, and the use of the public money from
the time of the collection to the disbursement, is the
source of immense profits to the banks cannot be
questioned. It is impossible, as I have said to as-
certain with any precision to what extent their dis-
counts and circulation depend upon it, but it certainly
constitutes a large proportion. A single illustration
may throw light on this point. Suppose the Gov-
ernment were to take up a contract with him that
should be received in payment of his dues or for
the sales of its public lands in future, except gold
and silver and his promissory notes, and that he
should have the use of the public funds from the
time of their collection until their disbursement.—
Can any one estimate the wealth which such a con-
tract would confer? His notes would circulate far
and wide over the whole extent of the Union; and
be the medium, through which the exchange of the
country would be performed; and his ample ex-
tended credit would give him a control over all the bank-
ing institutions and money transactions of the com-
munity.

The possession of a hundred millions would not
give control more effectual. I ask, would it be fair,
would it be equal, would it be consistent with the
spirit of our institutions, to confer such advantages
on an individual? And if not on one, would it be
conferred on any number? And if not, why should
it be conferred on any corporate body of individuals?
How can they possibly be entitled to benefits so